

**REPORT OF THE AUDIT OF THE
BOYLE COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2015**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

EXECUTIVE SUMMARY
AUDIT OF THE
BOYLE COUNTY FISCAL COURT

June 30, 2015

The Auditor of Public Accounts has completed the audit of the Boyle County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyle County Fiscal Court.

Financial Condition:

The Boyle County Fiscal Court had total receipts of \$13,203,152 and disbursements of \$13,101,475 in fiscal year 2015. This resulted in a total ending fund balance of \$7,795,544, which is an increase of \$3,004,161 from the prior year.

Deposits:

The Fiscal Court deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable Harold McKinney, Boyle County Judge/Executive
Members of the Boyle County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyle County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Boyle County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1 of the financial statement, the financial statement is prepared by the Boyle County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Boyle County Fiscal Court as of June 30, 2015, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Boyle County Fiscal Court as of June 30, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Boyle County Fiscal Court. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 02, 2016 on our consideration of the Boyle County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boyle County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", followed by a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

March 02, 2016

BOYLE COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

Harold McKinney	County Judge/Executive
Patty Burke	Magistrate
John Caywood	Magistrate
Donald Coffman	Magistrate
Jack Hendricks	Magistrate
Dickie Mayes	Magistrate
Phillip Sammons	Magistrate

Other Elected Officials:

Richard Campbell	County Attorney
Barry Harmon	Jailer
Trille Bottom	County Clerk
Joni H. Terry	Circuit Court Clerk
Marty Elliott	Sheriff
Eddie Tamme	Property Valuation Administrator
Donald Hamner	Coroner

Appointed Personnel:

Mary Conley	County Treasurer
Susanna Ryan	Occupational Tax Administrator
Jacob Pankey	Finance Officer

BOYLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

BOYLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

	Budgeted Funds		
	General Fund	Road Fund	Joint Jail Fund
RECEIPTS			
Taxes	\$ 5,892,606	\$	\$
Excess Fees	253,476		
Licenses and Permits	37,105		
Intergovernmental	352,292	1,609,318	1,927,717
Charges for Services	147,082		227,185
Miscellaneous	571,660	2,179	207,072
Interest	48,592	2,015	222
Total Receipts	<u>7,302,813</u>	<u>1,613,512</u>	<u>2,362,196</u>
DISBURSEMENTS			
General Government	2,907,544		
Protection to Persons and Property	143,494		2,534,245
General Health and Sanitation	1,208,540		
Social Services	99,000		
Recreation and Culture	355,071		
Transportation Facilities and Services		14,102	
Roads		645,419	
Airports	15,181		
Debt Service			
Capital Projects		650,647	
Administration	142,335	232,139	752,704
Total Disbursements	<u>4,871,165</u>	<u>1,542,307</u>	<u>3,286,949</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,431,648</u>	<u>71,205</u>	<u>(924,753)</u>
Other Adjustments to Cash (Uses)			
Bond Proceeds			
Bond Premium			
Bond Discount			
Transfers From Other Funds		30,000	1,326,718
Transfers To Other Funds	(2,446,381)		(380,659)
Total Other Adjustments to Cash (Uses)	<u>(2,446,381)</u>	<u>30,000</u>	<u>946,059</u>
Net Change in Fund Balance	(14,733)	101,205	21,306
Fund Balance - Beginning	3,421,438	105,302	289,726
Fund Balance - Ending	<u>\$ 3,406,705</u>	<u>\$ 206,507</u>	<u>\$ 311,032</u>
Composition of Fund Balance			
Bank Balance	\$ 3,440,288	\$ 207,217	\$ 312,897
Less: Outstanding Checks	(33,583)	(710)	(1,865)
Certificate of Deposits			
Fund Balance - Ending	<u>\$ 3,406,705</u>	<u>\$ 206,507</u>	<u>\$ 311,032</u>

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Bond Fund	State Grant Fund	Emergency 911 Fund	Boyle Jail Fund	Emergency Medical Services Fund
\$	\$	\$	\$ 49,422	\$	\$
49,778		27,000	137,966		10,000
					1,268,001
					5,607
5		14	4,230	22	103
49,783		27,014	191,618	22	1,283,711
50,000		47,003	161,144	1,330	1,491,871
69,762					
	24,450			1,102	737,469
119,762	24,450	47,003	161,144	2,432	2,229,340
(69,979)	(24,450)	(19,989)	30,474	(2,410)	(945,629)
	2,875,000				
	51,834				
	(24,350)				
					1,020,000
	2,902,484				1,020,000
(69,979)	2,878,034	(19,989)	30,474	(2,410)	74,371
88,992		43,779	613,521	33,253	165,765
\$ 19,013	\$ 2,878,034	\$ 23,790	\$ 643,995	\$ 30,843	\$ 240,136
\$ 19,013	\$ 2,878,034	\$ 23,790	\$ 393,541	\$ 30,843	\$ 385,327
			250,454		(145,191)
\$ 19,013	\$ 2,878,034	\$ 23,790	\$ 643,995	\$ 30,843	\$ 240,136

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

	<u>Unbudgeted Funds</u>			<u>Internal Service Fund</u>
	<u>General Obligation Bond Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>	<u>Health Insurance Fund</u>
RECEIPTS				
Taxes	\$	\$	\$ 5,942,028	\$
Excess Fees			253,476	
Licenses and Permits			37,105	
Intergovernmental			4,114,071	48,473
Charges for Services			1,642,268	
Miscellaneous		372,483	1,159,001	1,096,107
Interest			55,203	370
Total Receipts		<u>372,483</u>	<u>13,203,152</u>	<u>1,144,950</u>
DISBURSEMENTS				
General Government			2,907,544	
Protection to Persons and Property			4,429,087	
General Health and Sanitation			1,208,540	
Social Services			99,000	
Recreation and Culture		366,601	721,672	
Transportation Facilities and Services			14,102	
Roads			645,419	
Airports			15,181	
Debt Service	450,322		520,084	
Capital Projects			650,647	
Administration			1,890,199	1,196,368
Total Disbursements	<u>450,322</u>	<u>366,601</u>	<u>13,101,475</u>	<u>1,196,368</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(450,322)</u>	<u>5,882</u>	<u>101,677</u>	<u>(51,418)</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds			2,875,000	
Bond Premium			51,834	
Bond Discount			(24,350)	
Transfers From Other Funds	450,322		2,827,040	
Transfers To Other Funds			(2,827,040)	
Total Other Adjustments to Cash (Uses)	<u>450,322</u>		<u>2,902,484</u>	
Net Change in Fund Balance		5,882	3,004,161	(51,418)
Fund Balance - Beginning		29,607	4,791,383	550,210
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 35,489</u>	<u>\$ 7,795,544</u>	<u>\$ 498,792</u>
Composition of Fund Balance				
Bank Balance	\$	\$ 39,259	\$ 7,730,209	\$ 498,792
Less Outstanding Checks		(3,770)	(185,119)	
Certificate of Deposits			250,454	
Ending Fund Balance	<u>\$ 0</u>	<u>\$ 35,489</u>	<u>\$ 7,795,544</u>	<u>\$ 498,792</u>

The accompanying notes are an integral part of the financial statement.

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BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Boyle County includes all budgeted and unbudgeted funds under the control of the Boyle County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the Fiscal Court in the acquisition and financing of any public project which may be undertaken by the Fiscal Court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the Fiscal Court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale 90 days following April 15.

C. Basis of Presentation

Budgeted Funds

The Fiscal Court reports the following budgeted funds:

General Fund - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and disbursements separately from the General Fund.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Joint Jail Fund - The primary purpose of this fund is to account for the jail expenses of Boyle and Mercer counties. The primary sources of receipts for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the Fiscal Court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Bond Fund - The primary purpose of this fund is to account for the construction and long-term debt principal and interest associated with the bonds issued for the acquisition and installation of energy efficiency improvements.

State Grant Fund - The primary purpose of this fund is to account for state monies received.

Emergency 911 Fund - This fund is used to support the operation of the County's emergency operation communications. The primary source of receipts for this fund is land line and cellular telephone fees paid monthly by consumers.

Boyle Jail Fund - This fund is used to account for medical expenses of the Boyle County inmate population.

Emergency Medical Services Fund - The primary purpose of this fund is to account for ambulance receipts and disbursements. The primary sources of receipts are grants and charges for services.

Unbudgeted Funds

The Fiscal Court reports the following unbudgeted funds:

General Obligation Bond Fund - This is for the accumulation of resources for, and the payment of general long-term debt principal and interest associated with the construction of the government services center, which consists of the regional jail facility and emergency medical and road maintenance facilities. The Department for Local Government does not require the Fiscal Court to report or budget this fund.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

Internal Service Fund

Health Insurance Fund - The primary purpose of this fund is to account for Boyle County's partially self-funded employee health insurance program.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the Fiscal Court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the Fiscal Court by July 1.

The Fiscal Court may change the original budget by transferring appropriations at the activity level; however, the Fiscal Court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Jail Commissary Fund to be budgeted because the Fiscal Court does not approve the expenses of this fund.

The State Local Finance Officer does not require the General Obligation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Boyle County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Boyle County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the Fiscal Court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Boyle County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The Fiscal Court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2015.

	Road Fund	Joint Jail Fund	EMS Fund	General Obligation Fund	Total Transfers In
General Fund	\$ 30,000	\$ 1,321,718	\$ 1,020,000	\$ 74,663	\$ 2,446,381
Jail Fund		5,000		375,659	380,659
Total Transfers Out	\$ 30,000	\$ 1,326,718	\$ 1,020,000	\$ 450,322	\$ 2,827,040

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Agency Trust Funds

Trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The Fiscal Court has the following agency trust funds:

Jail Inmate Fund and Bond Fund - These funds account for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2015 was \$39,815 and the balance in the Bond Fund was \$11,403.

Note 5. Long-term Debt

A. General Obligation Bonds, Series 2008

On March 11, 2008, the Boyle County Fiscal Court issued \$4,120,000 of General Obligation Bonds for the purpose of providing funds to refund and redeem the Lease Revenue Bonds, Series 1997 which were used to finance the costs of a government services center, consisting of a regional jail facility and emergency medical and road maintenance facilities. The refunding was carried out to achieve debt service savings and to remove certain encumbrances on the government services center. Principal payments are due annually on February 1, and interest, which varies from 3.00% to 3.25%, is payable semiannually on February 1 and August 1. The outstanding principal balance as of June 30, 2015 was \$1,655,000.

Call Provisions:

The 2008 series bonds maturing on or after February 1, 2019, are subject to redemption by the County, at its option (and upon its written discretion to the Trustee) prior to maturity on February 1, 2018 and on any date thereafter in whole, or from time to time, in increments of \$5,000 and in any order of maturity (less than all of a single maturity to be selected by the Trustee) at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

Future principal and interest requirements are:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2016	\$ 395,000	\$ 53,387
2017	405,000	40,748
2018	420,000	27,787
2019	435,000	14,138
Totals	<u>\$ 1,655,000</u>	<u>\$ 136,060</u>

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

B. General Obligation Bonds, Series 2015

On June 30, 2015, the Boyle County Fiscal Court issued \$2,875,000 of General Obligation Bonds for the purpose of financing costs (to the extent not otherwise provided to be paid) of the acquisition and installation of energy efficiency improvements to (a) the Boyle County Courthouse located at 321 West Main Street, (b) the Boyle County Detention Center located at 1860 South Danville Bypass, (c) the Boyle County Emergency Medical Services facility located at 1856 South Danville Bypass, (d) The Boyle County Public Works facility located at 1858 South Danville Bypass, and (e) the Boyle County Recycling Center located at 1862 South Danville Bypass. Principal payments are due annually on December 1, and interest which varies from two percent to three percent, is payable semiannually on June 1 and December 1. The outstanding principal balance as of June 30, 2015 was \$2,875,000.

Future principal and interest requirements are:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 170,000	\$ 59,196
2017	165,000	61,181
2018	170,000	57,831
2019	175,000	54,381
2020	180,000	50,831
2021-2025	950,000	196,488
2026-2030	<u>1,065,000</u>	<u>75,847</u>
Totals	<u>\$ 2,875,000</u>	<u>\$ 555,755</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	<u>\$ 2,040,000</u>	<u>\$ 2,875,000</u>	<u>\$ 385,000</u>	<u>\$ 4,530,000</u>	<u>\$ 565,000</u>
Total Long-term Debt	<u>\$ 2,040,000</u>	<u>\$ 2,875,000</u>	<u>\$ 385,000</u>	<u>\$ 4,530,000</u>	<u>\$ 565,000</u>

Note 6. Commitments and Contingencies

The County is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant; in the aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Employee Retirement System

A. Plan Description

The Fiscal Court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous and hazardous duty positions in the county. The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 34.31 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute five percent (nonhazardous) and eight percent (hazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) and seven and one-half percent (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2013 was \$1,132,511, FY 2014 was \$1,082,150, and FY 2015 was \$1,041,832.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Employee Retirement System (Continued)

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

B. Net Pension Liability

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements, Boyle County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Hazardous	\$ 4,341,000	\$ 3,887,000
Non-Hazardous	<u>4,266,000</u>	<u>3,770,000</u>
Totals	<u>\$ 8,607,000</u>	<u>\$ 7,657,000</u>

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kyret.ky.gov or can be obtained as described in the paragraph above.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 8. Deferred Compensation

Boyle County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 9. Insurance

For the fiscal year ended June 30, 2015, Boyle County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Health Insurance Fund

Boyle County Fiscal Court maintains a self-insurance fund to account for the health insurance provided by other funds, on a cost reimbursement basis. The purpose of the self-insurance fund is to have funds available to cover some losses as full insurance for all types of risk can be prohibitively expensive and to accumulate reserves for catastrophic losses. Under accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board this fund would have been accounted for as an Internal Service Fund; however under the regulatory basis this is not required. Under the regulatory basis of accounting charges to funds by the Health Insurance Fund will be disbursements of the respective fund being charged then considered receipts of the Health Insurance Fund. Charges to funds should be reasonable and equitable so that the receipts and disbursements of the Health Insurance Fund are approximately equal and assume that the fund will have profitable and loss years and will breakeven over time.

Note 11. Endowment Fund

On October 29, 2013, Boyle County Fiscal Court gave \$100,000 to Community Foundation of Louisville, Inc. which is a 501(3)(c) to establish a fund to preserve, maintain, improve, or beautify the Constitution Square Historic Site. The Foundation has authority and control over the assets in the Fund, and the income derived from it. The balance in this fund as of June 30, 2015 was \$117,442.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 12. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Boyle County Fiscal Court's name as issuer, the Fiscal Court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the Fiscal Court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. The amount outstanding as of June 30, 2015 is not reasonably determinable.

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BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 5,305,000	\$ 5,305,000	\$ 5,892,606	\$ 587,606
Excess Fees	314,990	314,990	253,476	(61,514)
Licenses and Permits	131,550	131,550	37,105	(94,445)
Intergovernmental	317,272	317,272	352,292	35,020
Charges for Services	141,400	141,400	147,082	5,682
Miscellaneous	258,550	258,550	571,660	313,110
Interest	30,500	30,500	48,592	18,092
Total Receipts	6,499,262	6,499,262	7,302,813	803,551
DISBURSEMENTS				
General Government	2,383,192	3,036,089	2,907,544	128,545
Protection to Persons and Property	158,117	157,849	143,494	14,355
General Health and Sanitation	1,356,552	1,367,802	1,208,540	159,262
Social Services	99,000	99,000	99,000	
Recreation and Culture	369,250	375,895	355,071	20,824
Airports	15,175	15,195	15,181	14
Debt Service	74,666	74,666		74,666
Administration	2,764,438	1,941,379	142,335	1,799,044
Total Disbursements	7,220,390	7,067,875	4,871,165	2,196,710
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(721,128)	(568,613)	2,431,648	3,000,261
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	24,140	24,140		(24,140)
Transfers To Other Funds	(2,573,132)	(2,573,132)	(2,446,381)	126,751
Total Other Adjustments to Cash (Uses)	(2,548,992)	(2,548,992)	(2,446,381)	102,611
Net Change in Fund Balance	(3,270,120)	(3,117,605)	(14,733)	3,102,872
Fund Balance Beginning	3,270,120	3,270,120	3,421,438	151,318
Fund Balance - Ending	\$ 0	\$ 152,515	\$ 3,406,705	\$ 3,254,190

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,811,765	\$ 1,811,765	\$ 1,609,318	\$ (202,447)
Miscellaneous			2,179	2,179
Interest	1,500	1,500	2,015	515
Total Receipts	1,813,265	1,813,265	1,613,512	(199,753)
DISBURSEMENTS				
Transportation Facilities and Services	16,550	16,550	14,102	2,448
Roads	806,375	806,950	645,419	161,531
Capital Projects	930,980	959,024	650,647	308,377
Administration	288,270	259,782	232,139	27,643
Total Disbursements	2,042,175	2,042,306	1,542,307	499,999
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(228,910)	(229,041)	71,205	300,246
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	144,710	144,710	30,000	(114,710)
Total Other Adjustments to Cash (Uses)	144,710	144,710	30,000	(114,710)
Net Change in Fund Balance	(84,200)	(84,331)	101,205	185,536
Fund Balance Beginning	84,200	84,200	105,302	21,102
Fund Balance - Ending	\$ 0	\$ (131)	\$ 206,507	\$ 206,638

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

JOINT JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,920,491	\$ 1,920,491	\$ 1,927,717	\$ 7,226
Charges for Services	157,000	157,000	227,185	70,185
Miscellaneous	75,500	75,500	207,072	131,572
Interest	150	150	222	72
Total Receipts	2,153,141	2,153,141	2,362,196	209,055
DISBURSEMENTS				
Protection to Persons and Property	2,459,230	2,571,471	2,534,245	37,226
Debt Service	435,680	375,659		375,659
Administration	949,332	894,822	752,704	142,118
Total Disbursements	3,844,242	3,841,952	3,286,949	555,003
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,691,101)	(1,688,811)	(924,753)	764,058
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,316,292	1,316,292	1,326,718	10,426
Transfers To Other Funds			(380,659)	(380,659)
Borrowed Money	175,000	175,000		(175,000)
Total Other Adjustments to Cash (Uses)	1,491,292	1,491,292	946,059	(545,233)
Net Change in Fund Balance	(199,809)	(197,519)	21,306	218,825
Fund Balance Beginning	199,809	199,809	289,726	89,917
Fund Balance - Ending	\$ 0	\$ 2,290	\$ 311,032	\$ 308,742

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 49,778	\$ (30,222)
Interest	10	10	5	(5)
Total Receipts	80,010	80,010	49,783	(30,227)
DISBURSEMENTS				
Protection to Persons and Property			50,000	(50,000)
General Health and Sanitation	50,000	50,000		50,000
Roads	75,000	75,000	69,762	5,238
Administration	44,001	44,001		44,001
Total Disbursements	169,001	169,001	119,762	49,239
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(88,991)	(88,991)	(69,979)	19,012
Net Change in Fund Balance	(88,991)	(88,991)	(69,979)	19,012
Fund Balance Beginning	88,991	88,991	88,992	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 19,013	\$ 19,013

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

BOND FUND			
Budgeted Amounts		Actual	Variance with
Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
DISBURSEMENTS			
Administration		\$ 24,450	\$ (24,450)
Total Disbursements		24,450	(24,450)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(24,450)	(24,450)
Other Adjustments to Cash (Uses)			
Bond Proceeds		2,875,000	2,875,000
Bond Premium		51,834	51,834
Bond Discount		(24,350)	(24,350)
Total Other Adjustments to Cash (Uses)		2,902,484	2,902,484
Net Change in Fund Balance		2,878,034	2,878,034
Fund Balance Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,878,034

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

STATE GRANT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 505,000	\$ 505,000	\$ 27,000	\$ (478,000)
Interest			14	14
Total Receipts	<u>505,000</u>	<u>505,000</u>	<u>27,014</u>	<u>(477,986)</u>
DISBURSEMENTS				
General Government	500,000	500,000		500,000
Protection to Persons and Property	24,750	49,250	47,003	2,247
Total Disbursements	<u>524,750</u>	<u>549,250</u>	<u>47,003</u>	<u>502,247</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(19,750)</u>	<u>(44,250)</u>	<u>(19,989)</u>	<u>24,261</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(24,140)	(24,140)		24,140
Total Other Adjustments to Cash (Uses)	<u>(24,140)</u>	<u>(24,140)</u>		<u>24,140</u>
Net Change in Fund Balance	(43,890)	(68,390)	(19,989)	48,401
Fund Balance Beginning	<u>43,890</u>	<u>43,890</u>	<u>43,779</u>	<u>(111)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (24,500)</u>	<u>\$ 23,790</u>	<u>\$ 48,290</u>

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

EMERGENCY 911 FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 50,000	\$ 50,000	\$ 49,422	\$ (578)
Intergovernmental	120,000	120,000	137,966	17,966
Interest	2,700	2,700	4,230	1,530
Total Receipts	172,700	172,700	191,618	18,918
DISBURSEMENTS				
Protection to Persons and Property	195,050	199,746	161,144	38,602
Administration	577,044	572,019		572,019
Total Disbursements	772,094	771,765	161,144	572,019
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(599,394)	(599,065)	30,474	590,937
Net Change in Fund Balance	(599,394)	(599,065)	30,474	629,539
Fund Balance Beginning	599,394	599,394	613,521	14,127
Fund Balance - Ending	\$ 0	\$ 329	\$ 643,995	\$ 643,666

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

BOYLE JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 50	\$ 50	\$ 22	\$ (28)
Total Receipts	50	50	22	(28)
DISBURSEMENTS				
Protection to Persons and Property	3,500	3,640	1,330	2,310
Administration	34,192	34,052	1,102	32,950
Total Disbursements	37,692	37,692	2,432	35,260
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(37,642)	(37,642)	(2,410)	35,232
Net Change in Fund Balance	(37,642)	(37,642)	(2,410)	35,232
Fund Balance Beginning	37,642	37,642	33,253	(4,389)
Fund Balance - Ending	\$ 0	\$ 0	\$ 30,843	\$ 30,843

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

EMERGENCY MEDICAL SERVICES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	1,100,000	1,100,000	1,268,001	168,001
Miscellaneous			5,607	5,607
Interest	100	100	103	3
Total Receipts	1,110,100	1,110,100	1,283,711	173,611
DISBURSEMENTS				
Protection to Persons and Property	1,534,092	1,682,971	1,491,871	191,100
Administration	797,000	778,624	737,469	41,155
Total Disbursements	2,331,092	2,461,595	2,229,340	232,255
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,220,992)	(1,351,495)	(945,629)	405,866
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,112,130	1,112,130	1,020,000	(92,130)
Total Other Adjustments to Cash (Uses)	1,112,130	1,112,130	1,020,000	(92,130)
Net Change in Fund Balance	(108,862)	(239,365)	74,371	313,736
Fund Balance Beginning	108,862	108,862	165,765	56,903
Fund Balance - Ending	\$ 0	\$ (130,503)	\$ 240,136	\$ 370,639

BOYLE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the Fiscal Court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the Fiscal Court by July 1.

The Fiscal Court may change the original budget by transferring appropriations at the activity level; however, the Fiscal Court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Excess of Disbursements Over Appropriations

Bond Fund Administration exceeded budgeted appropriations by \$24,450; however, the Fiscal Court realized the issue and submitted a budget amendment after fiscal year end.

BOYLE COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015

BOYLE COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

The Fiscal Court reports the following schedule of capital assets:

	(Restated) Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 834,752	\$	\$	\$ 834,752
Land Improvements	2,291,367	111,936		2,403,303
Construction In Progress	65,001	46,935	111,936	
Buildings and Improvements	9,443,813			9,443,813
Vehicles and Equipment	2,263,415	223,905	14,000	2,473,320
Machinery and Equipment	3,587,069	125,288	20,977	3,691,380
Infrastructure	9,833,606	720,538		10,554,144
 Total Capital Assets	 <u>\$ 28,319,023</u>	 <u>\$ 1,228,602</u>	 <u>\$ 146,913</u>	 <u>\$29,400,712</u>

BOYLE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2015

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 7,500	10-45
Buildings and Building Improvements	\$ 20,000	10-60
Machinery and Equipment	\$ 1,000	3-20
Vehicles and Equipment	\$ 1,000	3-12
Infrastructure	\$ 5,000	10-40

Note 2. Prior Period Adjustment

The beginning balance for Land Improvements, Construction In Progress, Vehicles and Equipment, Machinery and Equipment, and Infrastructure was adjusted by \$(29,505), \$65,001, \$44,089, \$(39,575), and \$3,313,882 to correct errors noted with prior years.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Harold McKinney, Boyle County Judge/Executive
Members of the Boyle County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Boyle County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Boyle County Fiscal Court's financial statement and have issued our report thereon dated March 02, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Boyle County Fiscal Court's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Boyle County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Boyle County Fiscal Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Boyle County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal flourish extending to the right.

Mike Harmon
Auditor of Public Accounts

March 02, 2016

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

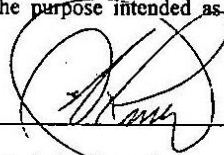
BOYLE COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2015**

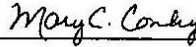
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BOYLE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Boyle County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

